

Executive Registry
69-563/1
COPYTHE WHITE HOUSE
WASHINGTON

March 24, 1969

MEMORANDUM FOR THE DIRECTOR,
BUREAU OF THE BUDGET

On January 25, when I directed the heads of the executive departments and agencies to review the budget requests then before the Congress, I expected that review to result in a sizable reduction in the total Federal spending budgeted by the outgoing administration for the fiscal year 1970. That budget was understated. Even allowing for that fact, however, the report you have given me based on the responses of the department and agency heads is very disappointing. I appreciate that the Bureau of the Budget has negotiated further reductions in many instances. But several billions of dollars more must be saved.

The inflationary environment in which we find ourselves, our continuing commitment in Southeast Asia, the disappointing state of the Nation's commercial trade -- with its balance-of-payments impact -- and the recent congressional reaction to our request for a change in the debt limit, all demand decisive and substantive action to reduce the size of the budget and to keep Federal spending under strict control.

I fully recognize the difficulty of stopping, slowing down, reducing, or eliminating programs with the momentum of history behind them. Every program in the budget is a program somebody wants and is willing to fight for. Nonetheless, it is vital that we start to provide room for the resources needed to undertake the initiatives to which this Administration is committed.

Therefore, in your further review of President Johnson's 1970 budget, and your critical examination of the agencies' proposed revisions of it, I expect you to develop and recommend to me a revised 1970 expenditure total, including new initiatives, which will be significantly below the \$195.3 billion forecast in the Johnson

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budget. I expect you also to take whatever steps are necessary to keep Federal executive branch full-time employment at a level during the fiscal year 1970 no higher than the employment estimated in the budget as of June 30, 1969.

Our objectives must be made clear to the heads of all executive departments and agencies. They must cooperate fully with you in meeting it. In some cases this means our Administration will have to propose and fight strongly for legislation and appropriation reductions that will be unpopular in many quarters.

Fiscal responsibility does not come easily. We have a duty, however, to show the way to the Congress and the people. I am confident we can obtain their support.

